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BEFORE THE
PLANNING & DEVELOPMENT COMMITTEE
HARTFORD, CONNECTICUT
FEBRUARY 13, 2013**

**Testimony in Opposition to
PSB-783 An Act Concerning Underutilized Development Zones**

Good morning. My name is Bonnie D. Stewart. I am vice president of government affairs for the Connecticut Business and Industry Association (CBIA). CBIA represents 10,000 companies in the state of Connecticut. Our membership includes large industrial and financial corporations, but the vast majority of our members are small businesses with fewer than fifty employees.

I would like to testify today in **opposition to PSB-783, An Act Concerning Underutilized Development Zones**. This measure permits certain towns to establish and/or amend municipal zones so they can tax some property owners at a higher rate. Similar measures have recently been studied in both Massachusetts and Chicago and have proved to have a negative impact on economic development. Therefore the Planning & Development Committee should reject **PSB-783** this year.

This measure would allow a municipality to set up discriminatory property tax schemes. CBIA is concerned that the effect of this would be to shift an even greater portion of the property tax burden squarely on the shoulders of commercial taxpayers, particularly personal property taxpayers.

Every time a property tax classification scheme has come before the legislature, it has been rejected because of the impact it will have on employers in the state. In fact recent studies by the Center for Real Estate at the Massachusetts Institute of Technology (*Property Taxes under "Classification": Why do Firms pay more?*) and the Chicago Metropolitan Agency for Planning

(Decoding Property Taxes and Classification) have indicated that classification schemes impede development and redevelopment and result in low growth.

Discriminatory property tax classification schemes only exacerbate the situation by increasing the property tax on employers. While it may seem politically expedient to reduce the tax on residential properties or motor vehicles, the long-term results to a municipality are damaging..

Classification schemes only end up pitting one class of property against other classes, and help to inhibit grand list growth through higher property taxes on all personal property and commercial real property. It is not the answer to any problem, and indeed make many problems worse. **Please reject PSB-783.**

Thank you for the opportunity to present this testimony.